

27 January 2021

QUARTERLY REPORT FOR THE PERIOD ENDING 31 DECEMBER 2020

HIGHLIGHTS

- **IonicRE increased ownership in Makuutu Rare Earths Project to 51%**
 - **Makuutu Retention Licence 1693 renewed, two (2) additional exploration licences granted – EL00147 and EL00148 – extending mineralisation corridor from 26km to 37km in length**
 - **Significant 50% increase in Exploration Target announced post new Exploration Licence award**
 - **Phase 2 drill program results extend scale of REE hosted ionic adsorption clay mineralisation across tested areas characterised by strong radiometric anomaly and consistent with Exploration Targeting methods**
 - **REO prices materially increased during quarter due to China's imposed Export Control Law**
-

Ionic Rare Earths Limited (ASX: IXR) ("**IonicRE**" or "the Company") is pleased to provide its Quarterly Report for the period ending **31 December 2020**, including exploration and project development activities at its Makuutu Rare Earths Project ("**Makuutu**") in Uganda.

Makuutu now comprises five licences covering approximately 242km² located 40km east of the regional centre of Jinja and 120km east of the capital city of Kampala (Figure 1). The area has excellent infrastructure and cell-phone coverage as illustrated in Figure 2. Tarred (sealed) roads, rail, power and water are all nearby; The area is also readily accessible throughout the year irrespective of weather conditions.

Project geology at Makuutu is similar to the ionic clay-type deposits of southern China. These are the world's cheapest and most readily accessible sources of Heavy Rare Earth Oxides (HREO), which are near surface shallow deposits and extracted by simple mining and processing methods.

Ionic clay-hosted Rare Earth deposits are significantly different from hard rock-hosted Rare Earth deposits. Typically, rare earths can be recovered from ionic clay mineralisation using mild salt

washing / leaching conditions to produce a high-grade Rare Earth Oxide (REO) chemical precipitate concentrate and generally present practical processing advantages.

IonicRE increased its ownership of Makuutu to 51% during October via an earn-in agreement with Rwenzori Rare Metals Limited (RRM), a private Ugandan company that owns 100% of the Makuutu Project. IonicRE has the right to earn up to a minimum of 60% in RRM via the completion of a Bankable Feasibility Study (BFS) and has advised RRM of the intent to proceed.

During the quarter, IonicRE reported results from Phase 2 drilling in areas A, B, C, F, G, H, I and J at Makuutu (Figure 3) with all showing positive results indicating that the next resource upgrade should be substantial. Area J results demonstrated more kaolin clay development visually in the drill core, and supported by geochemical evaluation, which is a positive indicator for enhanced REE extraction, and a consistent zone of HREO that is greater than the existing resource average as a percentage of Total Rare Earth Oxides (TREO).

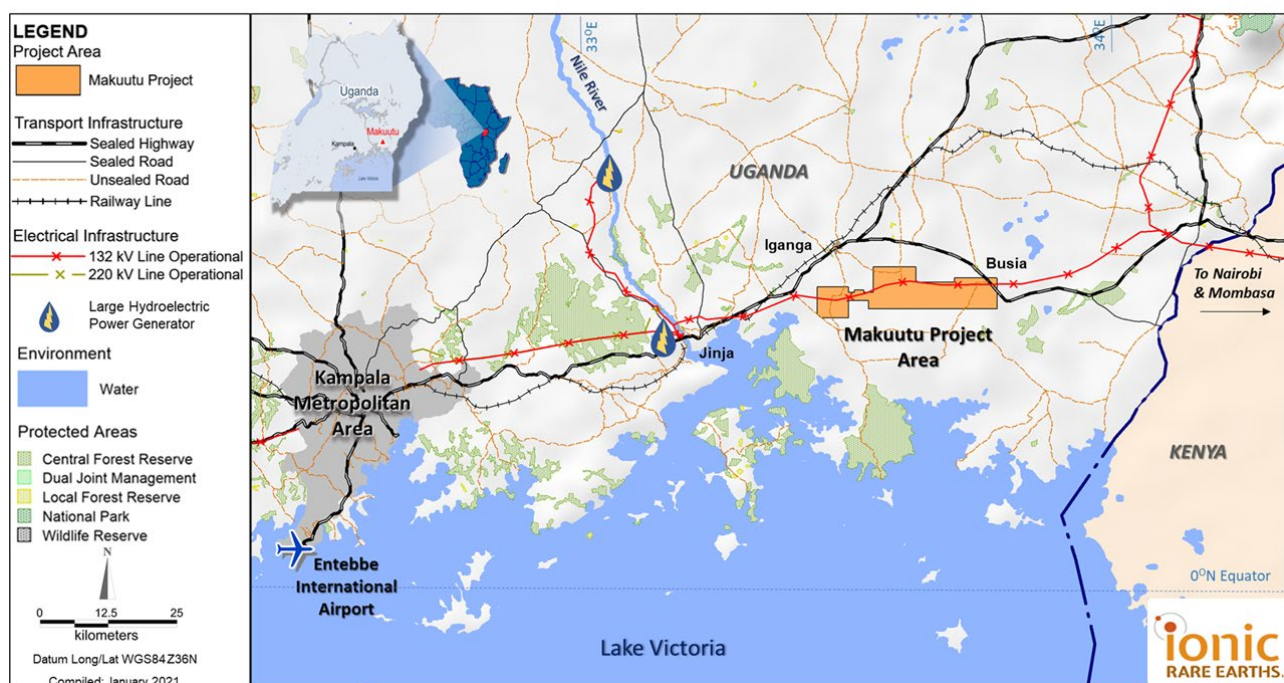


Figure 1: Makuutu Rare Earths Project location within Uganda.

Renewal of Retention Licence 1693

In late October, the Company via its 51% owned Ugandan Subsidiary RRM, submitted the application for the renewal of the Retention Licence No 1693 to the Ugandan Directorate of Geological Survey and Mines (DGSM). The submission also included the interim Makuutu Rare Earths Scoping Study and a scoping report outlining the Terms of Reference for the Environmental and Social Impact Assessment (ESIA).

The submission to the DGSM was required to extend the Retention Licence for a further two (2) years under the Ugandan Mining Act. The company received formal advice of the renewal and stamped hardcopy licence documentation received in January 2021 extending RL 1693 to 02/11/2022 by which time the Company must complete the feasibility study and submit the applications for the Mining Licence application.

The renewal demonstrates the Ugandan Government's confidence in the Company's capacity and ability to progress the project through to development.

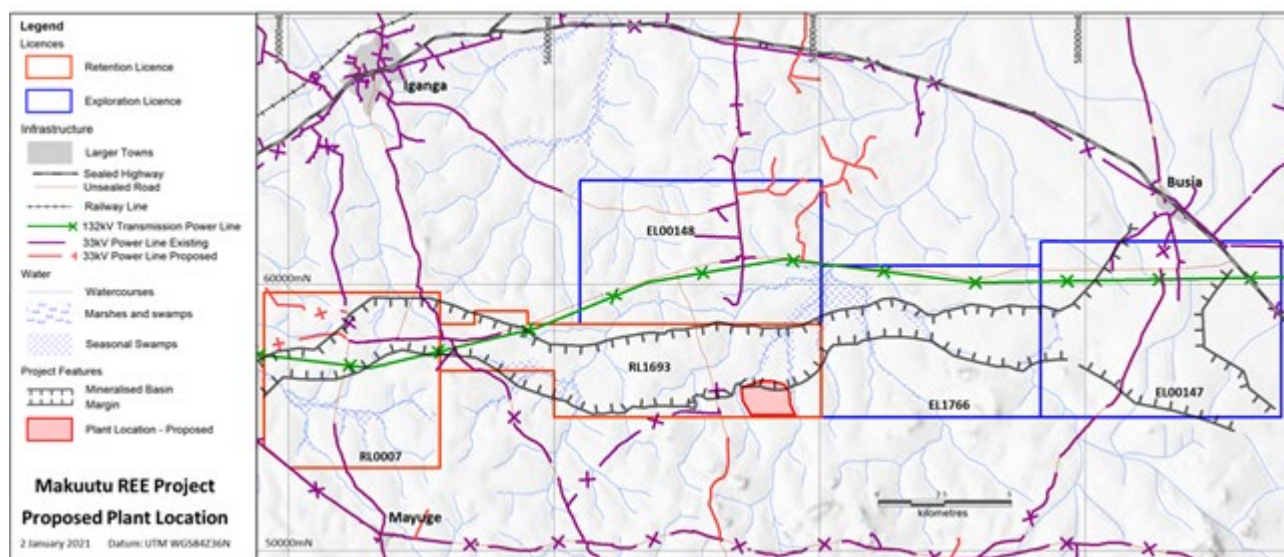


Figure 2: Makuutu Rare Earths Project tenements and local existing infrastructure.

Approval of New Exploration Licences

In October, the Company submitted applications for two new Exploration Licences with the DGSM. The two applications were strategically targeted to complement and potentially materially expand the Project's existing land holdings.

Figure 3 illustrates the Projects current project licenses including new applications (EL00147 and EL00148) on the regional airborne radiometric ternary image, with the interpreted boundaries for the sedimentary basin that hosts the Makuutu Rare Earths Project ionic adsorption clay rare earth element mineralisation shown.

The new Exploration Licences present different opportunities which include:

- **EL00147** covers an extensive area interpreted to host the continuation of the REE mineralised basin. Exploration target ranges and a preliminary exploration program have been established for this area and were reported to the ASX on 5th January 2021.
- **EL00148** covering an area that has potential for rare earth mineralisation but also aggregate, stone and other materials that may be of use during project development, plus provide additional sites suitable for the process plant immediately adjacent an existing 132 kV transmission corridor. Refer to Figure 2.

The newly awarded Exploration Licences have extended the Makuutu mineralisation corridor to 37km in length. Since the end of the quarter (5th January 2021), the Company also announced a substantial 50% increase to the Exploration Target, incorporating EL00147 and EL00148, bringing the revised Exploration Target for Makuutu Rare Earths Project to the following:

240 – 800 million tonnes grading 0.045 - 0.09% (450 - 900 ppm) TREO

*This Exploration Target is conceptual in nature but is based on reasonable grounds and assumptions. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

IonicRE plans to commence reconnaissance exploration activity on EL00147 and EL00148 in Q2, 2021.

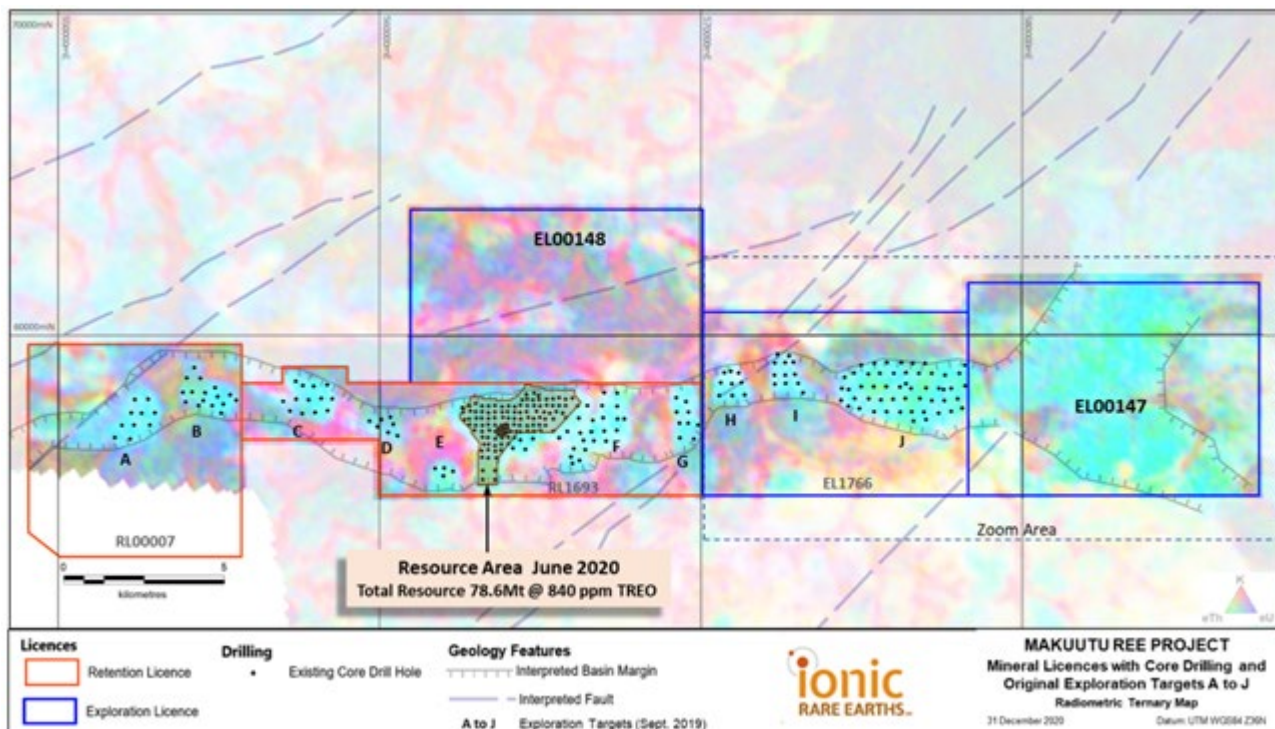


Figure 3: Makuutu Rare Earths Project licences on ternary radiometric map with all diamond core drilling and previous Sept 2019 Exploration Target areas A to J and Phase 2 drill program completed during the quarter.

Makuutu Rare Earths Potential Basket Price Update

During the quarter, China's top legislative body passed the Export Control Law in October, stipulating that China will impose restrictions or bans on exports of military and nuclear products, as well as other goods, to protect their national interest and security. This included rare earths, of which more than 80% of the world's supply originates, including up to 98% of the world's heavy rare earth production.

The Law, which came into effect on 1 December 2020, resulted in dramatic critical and heavy rare earth oxide (REO) prices increase, especially magnet metals Dy, Nd, Pr and Tb. Other heavy rare earths also saw significant increases, with critical and heavy REO pricing trends continuing strong increases in 2021, especially on western quoted pricing indices¹.

The net result has seen a substantial appreciation in the potential Makuutu basket price, increasing from ~ US\$39/kg REO equivalent in November 2020 to ~ US\$60/kg REO equivalent in late December 2020². Current Makuutu product basket spot pricing in January 2021 is now over ~US\$66/kg REO equivalent, with both Makuutu indicative product basket and resultant spot pricing trends illustrated

¹ <https://www.kitco.com/strategic-metals/>

² REO prices reported by <https://en.institut-seltene-erden.de/unser-service-2/metall-preise/seltene-erden-preise/> and <https://www.kitco.com/strategic-metals/>.

in Figure 4. It should also be noted that the Makuutu product spot pricing displayed does not include by-product credits for scandium.

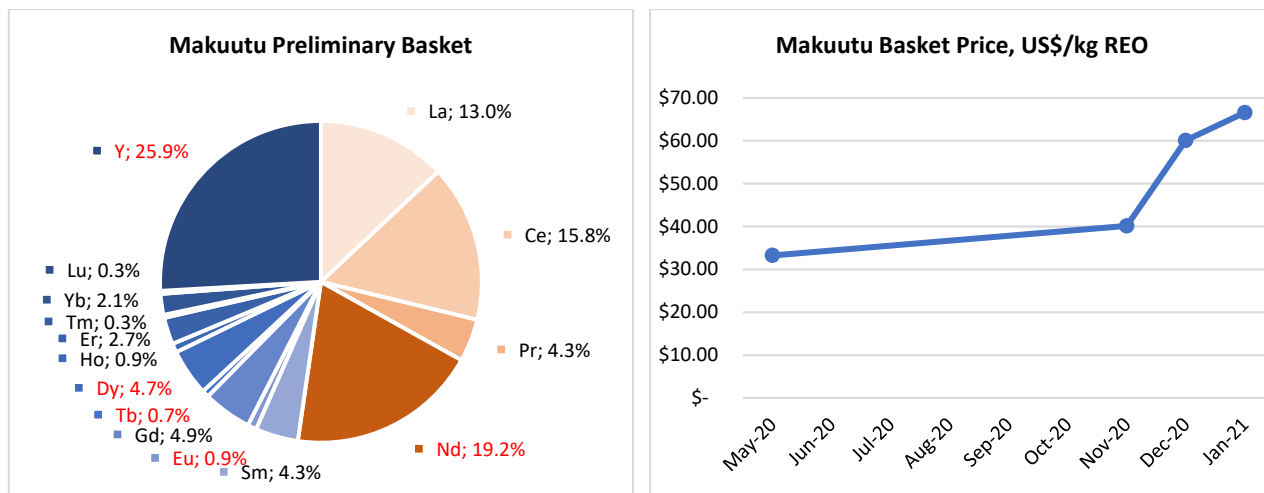


Figure 4: Makuutu preliminary product basket composition³, showing light REEs in orange, heavy REEs in blue and critical REEs designated with a red data label.

Makuutu Phase 2 Drill Program Results

During the quarter, IonicRE completed the Phase 2 drill program at Makuutu. The aim of the program was to validate the Company's previous Exploration Target. The Phase 2 drilling program included 3,750 metres (222 drill holes) across approximately 16 square kilometres of radiometric anomaly at Makuutu. The Phase 2 drill program therefore represents a substantial increase in the overall area drilled at Makuutu, which is nominally three times larger than the existing Mineral Resource Estimate (MRE) area, quantifying the potential of the previous 26-kilometre-long Makuutu mineralisation corridor and provide data for an upcoming mineral resource expansion, all of which has proven to be successful.

Four (4) tranches of drill hole assays were reported during the quarter, representing 138 drill holes across RL 1693 (Areas C, F, G), EL 1766 (Areas H, I, J) and RL 00007 (Areas A and B) as illustrated on Figure 3. The following summaries of key intercepts from various areas were previously reported to the ASX on 26 October 2020, 5 November 2020, 23 November 2020 and 18 December 2020.

On 26th October 2020, the Company announced 32 drill holes across the Makuutu Central Zone (MCZ) on Retention Licence 1693 (EL 1693). These 32 drill holes follow on from the 1 reconnaissance holes drilled in March 2020 and is a direct extension east of the existing MRE. IonicRE reported results across three areas (including F and G) which confirmed near-surface mineralisation above the MRE cut-off grade (300 ppm TREO-Ce₂O₃) in 31 of the 32 holes reported.

³ Reported to the ASX 26th May 2020.

Mineral Resource Extension: Four (4) extension drill holes (RRMDD074 to 077) completed directly east, and on the same plateau as the existing mineral resource. These holes are between 150 and 300 metres beyond the current mineral resource (MRE) limit. Intersections in these holes were generally narrow reflecting the margins of the mineralisation on the edge of that plateau. The best clay and saprolite intersection above the resource cut-off grade is:

- RRMDD076 3.8 metres at 761 ppm TREO from 4.2 metres

Resource Expansion Area F: 19 resource expansion drill holes (RRMDD078 to 096) completed on a discrete plateau 1 kilometre east of the current mineral resource estimate (MRE) boundary. The plateau is approximately 2.6 kilometres long and 1 kilometre wide. All holes intersected mineralisation above the resource cut-off grade and show near surface mineralisation through the area consistent with the style of the MRE area with notable intersections:

- RRMDD078 8.1 metres at 1,069 ppm TREO from 3.4 metres
- RRMDD079 8.8 metres at 1,166 ppm TREO from 3.3 metres
- RRMDD080 5.7 metres at 1,102 ppm TREO from 6.6 metres
- RRMDD082 3.7 metres at 1,573 ppm TREO from 3.6 metres
- RRMDD092 6.5 metres at 1,035 ppm TREO from 4.1 metres

Resource Expansion Area G: Nine (9) resource expansion drill holes (RRMDD097 to 105) completed on a discrete plateau 3 kilometre east of the MRE boundary. The plateau is approximately 1.3 kilometres long and 500 metres wide. Eight (8) holes intersected mineralisation above resource cut-off grade:

- RRMDD097 7.1 metres at 604 ppm TREO from 7.3 metres
- RRMDD098 6.5 metres at 649 ppm TREO from 3.5 metres
- RRMDD0101 5.1 metres at 824 ppm TREO from 2.3 metres
- RRMDD0102 14.3 metres at 775 ppm TREO from 3.5 metres
- RRMDD0104 11.4 metres at 661 ppm TREO from 6.3 metres
- RRMDD0105 5.7 metres at 834 ppm TREO from 3.3 metres and,
5.3 metres at 626 ppm TREO from 11.5 metres

Mineralised intersection thicknesses in Area G are consistent with those seen in the resource area however the grade is marginally lower due, in part, to disruption to the mineralised zones from unmineralised sand horizons intercalated with mineralised clay in some holes. These sand zones may indicate a proximity to the southern margin of the mineralised sedimentary basin. The southernmost hole (RRMDD103) intersected partially weathered and fresh granite outside the mineralised basin with no intervals above cut-off.

During November (5th November 2020 and 23rd November 2020), the Company announced 68 drill holes across the Makuutu Eastern Zone (MEZ) on Exploration Licence 1766 (EL 1766). These 68 drill holes follow on from the 5 reconnaissance holes drilled in late 2019. IonicRE reported results across three areas (H, I, J) which confirmed near-surface mineralisation above the MRE cut-off grade in 67 of the 68 holes reported.

Resource Expansion Area H: Eight (8) resource expansion drill holes (RRMDD106 to 113) completed on a discrete plateau 4.8km east of the current MRE boundary. The plateau is approximately 1km long and 800 metres wide. All holes intersected mineralisation above the resource cut-off grade and show near surface mineralisation through the area consistent with the style of the MRE area with notable intersections:

- RRMDD107 4.9 metres at 844 ppm TREO from 3.2 metres
- RRMDD109 3.0 metres at 987 ppm TREO from 5.1 metres
- RRMDD113 4.2 metres at 1,318 ppm TREO from 5.3 metres

Resource Expansion Area I: Eleven (11) resource expansion drill holes (RRMDD114 to 124) completed on a discrete plateau centered 6.5km east of the MRE boundary. The plateau is approximately 1.4km long and 800 metres wide. All holes intersected mineralisation above resource cut-off grade including:

- RRMDD118 3.6 metres at 1,230 ppm TREO from 5.1 metres
- RRMDD119 3.1 metres at 897ppm TREO from 4.8 metres
- RRMDD120 3.4 metres at 853 ppm TREO from 5.2 metres
- RRMDD124 15.7 metres at 537 ppm TREO from 5.7 metres

Mineralised intersection thicknesses in Area I are consistent in style but generally narrower than in the resource area, apart from hole RRMDD124 which contains a thick lower grade intersection with some disruption from sand zones. These sand zones may indicate close proximity to the southern margin of the mineralised sedimentary basin.

Resource Expansion Area J: Forty nine (49) resource expansion holes (RRMDD125 to 174) completed. These results are from the first systematic 400 metre spaced grid drilling testing a large plateau centered approximately 11km of the MRE boundary. This large area is ~4km long and 1.5km wide.

The assay results show 48 of the holes contained mineralised above the MRE cut-off grade with an average thickness of mineralised clay of 6.2 metres ranging from 1.8 metres to 11.9 metres. Intersections notable for grade and thickness are:

- RRMDD125 9.6 metres at 825 ppm TREO from 4.2 metres
- RRMDD132 3.9 metres at 740 ppm TREO from 3.2 metres
- RRMDD142 5.6 metres at 729 ppm TREO from 4.8 metres
- RRMDD144 9.3 metres at 690 ppm TREO from 4.2 metres
- RRMDD145 5.7 metres at 872ppm TREO from 5.7 metres
- RRMDD167 5.4 metres at 817 ppm TREO from 10.9 metres
- RRMDD160 8.9 metres at 699 ppm TREO from 5.1 metres
- RRMDD170 5.8 metres at 653 ppm TREO from 2.4 metres
- RRMDD169 11.9 metres at 610 ppm TREO from 3.6 metres
- RRMDD166 7.3 metres at 599 ppm TREO from 5.3 metres

Two important features of this drilling in Area J are;

1. The drilling shows more kaolin clay development visually in the drill core and supported by geochemical evaluation. The potential that kaolin is the dominant clay type is a positive indicator for REE extraction.
2. A consistent zone of HREO as a percentage of TREO, that is greater than the existing MRE average of 25%. Intercepts in the eastern zone range from 26% to 45% HREO in TREO.

The drill hole assays received, confirming the zone of elevated HREO content, extends to the eastern boundary of EL 1766. This bodes well for continued elevated composition of HREO continuing east to the newly approved Exploration Licence 00147. Refer to Figure 5.

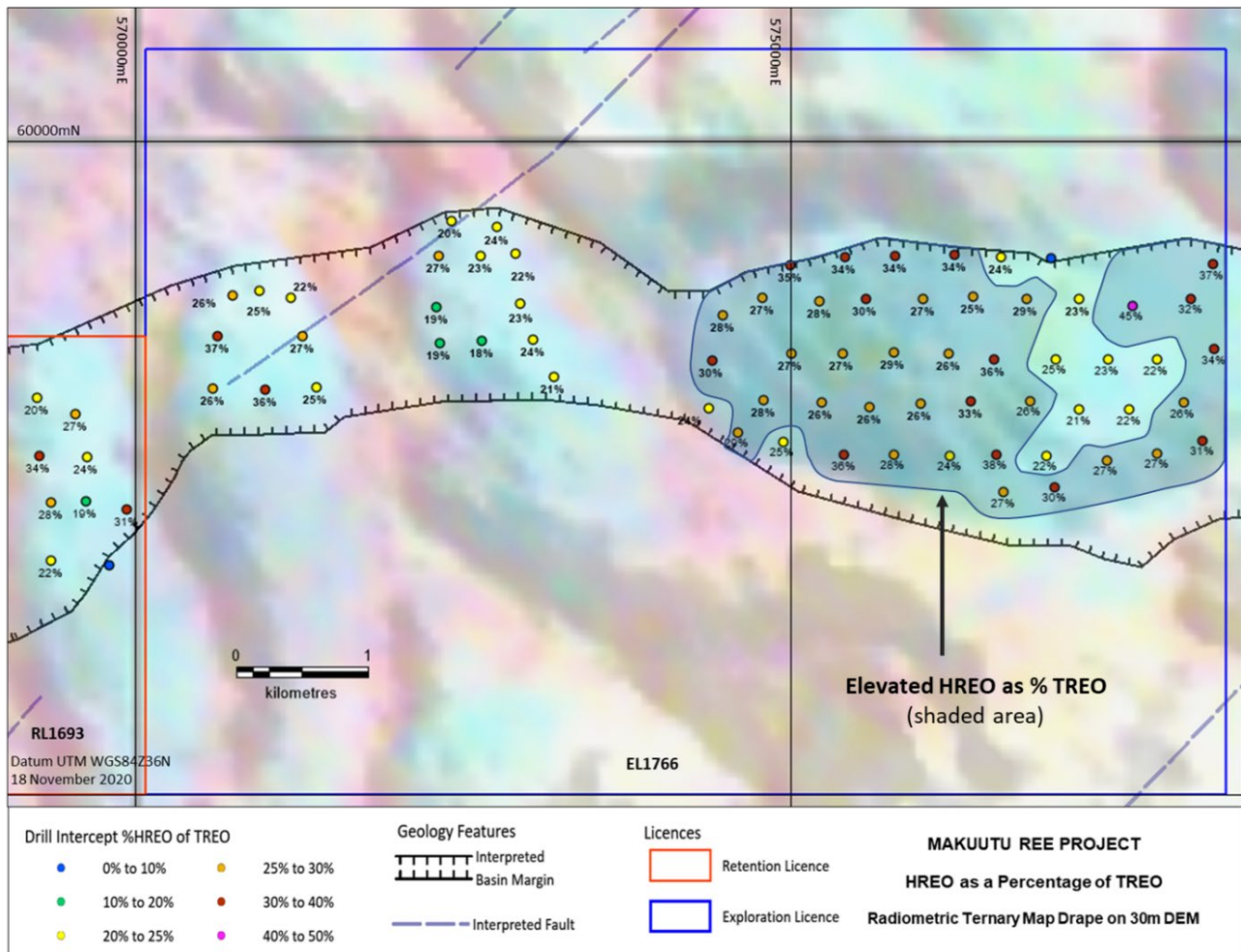


Figure 5: Eastern Zones showing MRE extensional holes highlighting increased HREO as a percentage of TREO in the east (shaded area).

During December (18th December 2020) the Company announced results from a fifth tranche of assays, with results received for drill holes RRMDD174 to 211 drilled on the Makuutu Western Zone (MWZ) exploration target areas A, B and C. Intervals above the resource cut-off grade were achieved in 34 of these 38 holes.

Notable intercepts for grade and thickness included:

- RRMDD190 8.8 metres at 612 ppm TREO from 4.9 metres
- RRMDD197 8.4 metres at 700 ppm TREO from 2.3 metres
- RRMDD205 12.5 metres at 728 ppm TREO from 4.0 metres
- RRMDD206 11.7 metres at 621 ppm TREO from 4.1 metres
- RRMDD211 8.7 metres at 609 ppm TREO from 5.3 metres

Resource Expansion Area A: Ten (10) resource expansion drill holes (RRMDD188 to 197) completed on a discrete plateau centered approximately 10 kilometres west of the current MRE boundary. The plateau is approximately 1.60km long and 1.2km wide. Holes were drilled on a 400

metre x 400 metre grid. All holes intersected clay and saprolite hosted mineralisation above the resource cut-off grade consistent with the style seen in the Makuutu Central Zone with notable intersections:

- RRMDD188 4.0 metres at 693 ppm TREO from 3.2 metres
- RRMDD190 8.8 metres at 612 ppm TREO from 4.9 metres
- RRMDD197 8.4 metres at 700 ppm TREO from 2.3 metres

Resource Expansion Area B: Fifteen (15) resource expansion drill holes (RRMDD174 to 187 and 198) completed on a discrete plateau centered approximately 8 kilometres west of the current MRE boundary. The plateau is approximately 1.6km long and 1.0km wide. Holes were drilled on a 400 metre x 400 metre grid. Thirteen (13) holes intersected clay and saprolite hosted mineralisation above the resource cut-off grade. The mineralised clay and saprolite intersections are consistent with the style seen in the MCZ however most holes had clay intersections interbedded with unmineralised sand intervals. This suggests the mineralisation is likely to be less continuous within and between holes in this area. The two holes that did not intersect mineralisation (RRMDD181 and 187) were both on the margin of the plateau. Notable intersections are:

- RRMDD177 14.6 metres at 563 ppm TREO from 7.3 metres
- RRMDD178 3.9 metres at 789 ppm TREO from 5.8 metres
- RRMDD186 4.7 metres at 651 ppm TREO from 6.9 metres
- RRMDD188 4.0 metres at 693 ppm TREO from 4.8 metres

Resource Expansion Area C: Thirteen (13) resource expansion drill holes (RRMDD199 to 211) completed on a discrete plateau centered approximately 5 kilometres west of the current MRE boundary. The plateau is approximately 1.0 kilometre long and 1.2 kilometres wide. Holes were drilled on a 400 metre x 400 metre grid. Eleven (11) holes intersected clay and saprolite hosted mineralisation above the resource cut-off grade. As with Area B some holes contained unmineralised sand interbedding, particularly those on the western most area of the plateau (RRMDD200 to 203) however the central and eastern plateau areas showed only minor sand units and some thick mineralised intersections.

Notable intersections included:

- RRMDD205 12.5 metres at 728 ppm TREO from 4.0 metres
- RRMDD206 11.7 metres at 621 ppm TREO from 4.1 metres
- RRMDD211 8.7 metres at 609 ppm TREO from 5.3 metres

Figure 6 provides an illustration of the drill holes in the MWC with intervals above the resource cut-off grade.

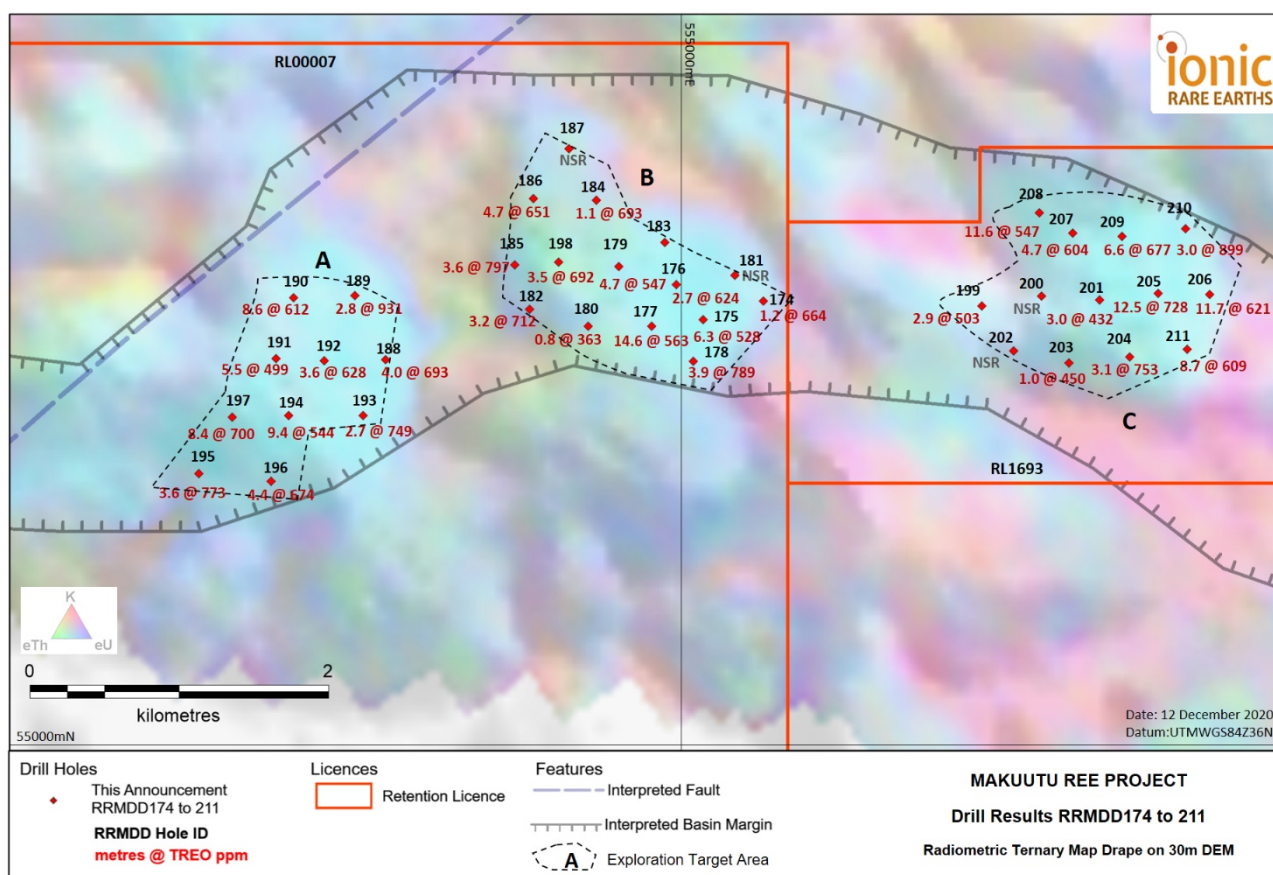


Figure 6: Makuutu Western Zone drill plan with drill holes RRMDD174 to 211 showing intersections greater than 300ppm TREO-Ce₂O₃.

Makuutu Rare Earths Project Update

Given the potential for a material increase in the Mineral Resource Estimate expected in Q1 2021, the Company will be completing an update of the Scoping Study ("Study") to reflect the significantly increased scale of the Makuutu Rare Earths Project. The updated Study will potentially feature multiple process modules and present options for accelerated production capacity ramp-up further to the initial scenarios previously considered in the Study.

Results of AGM

At IonicRE's Annual General Meeting of Shareholders on 30 November 2020, all resolutions put to the meeting passed via a poll. Resolutions were as follows:

1. Adoption of Remuneration Report
2. Election of Mr Trevor Benson as a Director
3. Ratification of prior issue - 143,750,000 Shares
4. Ratification of prior issue - 321,500,000 Shares
5. Ratification of prior issue - Consultant Options
6. Approval of 10% Placement Capacity
7. Approval to grant Options to Director - Mr Trevor Benson
8. Approval to grant Director Options to Director - Mr Anthony Rovira
9. Approval to grant Director Options to Director - Mr Brett Dickson
10. Approval to grant Director Options to Director - Mr Trevor Benson.

Board and Management Changes

In December, IonicRE announced the appointment of Mr Tim Harrison as Managing Director, following his earlier appointment as Chief Executive Officer (CEO) in June 2020.

In addition, as the company progresses towards development and production at Makuutu, and to ensure continued adherence with governance best practice, several other Board changes were made during the quarter.

Mining engineer and highly experienced resources industry executive Mr Bradley Marwood was appointed as a Non-Executive Director, bringing more than 35 years of experience in development and management of mines. He was instrumental in bringing into production the copper mines at Kipoi (DRC) and Rapu Rapu (Philippines) and completing development of the Svartliden gold mine (Sweden). Additionally, Mr Marwood has a successful history of equity and debt investment advisory on Feasibility Studies and advanced stage resource projects in Australia, Africa, North America and Asia, with a subsequent 20 mines developed.

Mr Tony Rovira resigned from his role as Chairman, with Mr Trevor Benson assuming the role.

Mr Brett Dickson also resigned as a Director to concentrate on executive duties and will continue as Company Secretary and Chief Financial Officer.

Corporate

Due to the ongoing difficulties in operating in Nicaragua and the Company's almost exclusive focus on the Makuutu Rare Earths Project, the Company reached agreement (and concluded the transaction) during the quarter to sell its Nicaraguan subsidiary, Minera San Cristobal, S.A., to an unrelated third party for US\$50,000. As a result of this sale, IonicRE no longer has any activities in Nicaragua.

Also during the quarter, the company expended approximately \$821,000 on the exploration activities reported above.

Payments to related parties of the entity and their associates totaled \$62,000 and consisted of \$21,000 Director fees, \$11,000 in superannuation related to Director fees and \$30,000 Executive Service fees.

Authorised for release by the Board.

For enquiries, contact: Tim Harrison
Managing Director
+61 8 9481 2555

About Makuutu Rare Earths Project

The Makuutu Rare Earths Project is an ionic adsorption clay (IAC) hosted Rare Earth Element (REE) deposit located 120 km east of Kampala in Uganda. The deposit stretches 37 km in length and has demonstrated potential for a long life, low-cost capital intensity source of critical and heavy rare earths. These IAC deposits are prevalent in southern China which have been the source of the world's lowest cost critical and heavy REE production, however these deposits are gradually being exhausted and Makuutu represents one of only a handful of such deposits outside of southern China.

The Makuutu deposit is shallow, with less than 3 m of cover over a 12 m thick clay zone which results in low-cost bulk mining methods with low strip ratio. Processing is via simple acidified salt desorption heap leaching which washes the rare earths (in a chemical form) from the ore. The rare earths are precipitated as a mixed rare earth carbonate product, which attracts both a higher payability and is achieves a high basket price due to the dominant high value critical and heavy rare earths which make up over 70% of the product basket. The Project has the potential of generating a high margin product with an operation life exceeding 30 years. The Project is also prospective for a low-cost Scandium co-product.

Table 1: Makuutu Resource above 300ppm TREO-Ce₂O₃ Cut-off Grade (reported to ASX on 23rd June 2020)

Resource Classification	Tonnes (millions)	TREO (ppm)	TREO-Ce ₂ O ₃ (ppm)	LREO (ppm)	HREO (ppm)	CREO (ppm)	Sc ₂ O ₃ (ppm)
Indicated Resource	9.5	750	520	550	200	280	30
Inferred Resource	69.1	860	620	640	210	320	30
Total Resource	78.6	840	610	630	210	310	30

Rounding has been applied to 0.1Mt and 10ppm which may influence grade average calculations.

Table 2: Ionic Rare Earths Limited Tenement Interests

Common concession name	Location	Nature of Interest	Interest at beginning of Quarter	Interest at end of Quarter
RL1693	Uganda	Owned	31%	51%*
EL1766	Uganda	Owned	31%	51%*
TN3115	Uganda	Owned	31%	51%*
EL00147	Uganda	Owned	0%	51%*
EL00148	Uganda	Owned	0%	51%*
Hemco-SID – 1351	Nicaragua	Owned	100%	0%
Iguanas	Nicaragua	Approval pending	0%	0%
Galeano	Nicaragua	Approval pending	0%	0%
Tigre	Nicaragua	Approval pending	0%	0%

* IonicRE may earn up to a 60% interest

Competent Person Statements

Information in this report that relates to previously reported Exploration Targets and Exploration Results has been cross-referenced in this report to the date that it was originally reported to ASX. Ionic Rare Earths Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcements.

The information in this report that relates to Mineral Resources for the Makuutu Rare Earths deposit was first released to the ASX on 23 June 2020 and is available to view on www.asx.com.au. Ionic Rare Earths Limited confirms that it is not aware of any new information or data that materially affects information included in the relevant market announcement, and that all material assumptions and technical parameters underpinning the estimates in the announcement continue to apply and have not materially changed.

Forward Looking Statements

This announcement has been prepared by Ionic Rare Earths Limited and may include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Ionic Rare Earths Limited. Actual values, results or events may be materially different to those expressed or implied in this document. Given these uncertainties, recipients are cautioned not to place reliance on forward looking statements. Any forward looking statements in this document speak only at the date of issue of this document. Subject to any continuing obligations under applicable law and the ASX Listing Rules, Ionic Rare Earths Limited does not undertake any obligation to update or revise any information or any of the forward looking statements in this document or any changes in events, conditions or circumstances on which any such forward looking statement is based.

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

IONIC RARE EARTHS LIMITED

ABN

84 083 646 477

Quarter ended ("current quarter")

31 DECEMBER 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(821)	(1,815)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(143)	(208)
	(e) administration and corporate costs	(59)	(253)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(1,022)	(2,275)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	-	-
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	41	41
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	41	41

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	3,290
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	199	544
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(187)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other	-	-
3.10	Net cash from / (used in) financing activities	199	3,657

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	3035	830
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,022)	(2,275)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	41	41
4.4	Net cash from / (used in) financing activities (item 3.10 above)	199	3,657
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	2,253	2,253

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	2,220	3,002
5.2	Call deposits	33	33
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	2,253	3,035

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	62
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term 'facility' includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,022)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,022)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,253
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,253
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	2.2
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	
8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
Answer: N/A	
<i>Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.</i>	

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 27 January 2021

Authorised by: Brett Dickson – Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.